

Stakeholder Comments Template

Subject: CRR Enhancements – Draft Final Proposal on CRR Credit Issues, and Straw Proposal on Non-Credit Issues

Submitted by	Company	Date Submitted
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Load Migration Process

On July 30, 2009, AReM filed comments on the CAISO’s Roadmap proposal stating that AReM was concerned about the change to the load migration process for CRR transfers, but would not oppose it, assuming the CAISO implemented a defined process for disputing CRR transfers with the CAISO. Specifically:

Ensuring a fair and non-discriminatory process for transferring CRRs between load-serving entities (LSEs) to reflect load migration has been one of AReM’s most significant issues in the new market. Accordingly, AReM is concerned that the CAISO plans to transfer calculations it currently performs to investor-owned utility (IOU) staff. The IOUs are direct competitors of the electric service providers (ESPs) and the results of the calculations the IOUs will now perform will dictate the quantity and specific CRRs transferred to/from ESPs. While AReM does not plan to oppose this initiative, AReM requests that, *before* the CAISO revises the load migration process, it implements specific procedures by which an LSE may dispute a CRR transfer calculation directly with the CAISO. AReM stands ready to work with the CAISO’s staff in devising these procedures. (July 30, 2009, AReM Comments on High Level Ranking for the Market Initiatives Roadmap)

The CAISO’s new issue paper provides more detail about how the proposal would be implemented but does not discuss disputes (see p. 8).

On the November 16th conference call, I raised this issue with the CAISO and was informed that any such disputes would be handled “bilaterally.” As I responded on the call, a “bilateral approach” is unacceptable. Such an approach would force the ESPs to attempt to negotiate with its competitor -- the utility -- regarding the underlying load migration numbers transmitted to the CAISO and used to transfer the CRRs. Further, the ESP has no contractual arrangement with the

utility that provides for disputes of this nature. Consequently, AReM cannot support this proposal.

The CAISO is relying on utility data, without any apparent auditing function, as the basis for implementing a CRR transfer. In the case of a dispute, the problem is the transfer, which the ESP believes to be in error. The CAISO cannot then say, as implied on the call, that it has no responsibility. If the CAISO wishes to proceed with its plan to transfer load migration calculations to the utilities, AReM requests that the CAISO develop and implement an appropriate dispute mechanism procedure whereby ESPs may dispute CRR transfers directly with the CAISO. AReM would be pleased to work with the CAISO in this effort.